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SUBJECT: WHAT TO EXPECT: HOW WILL PRESIDENT LEE CHANGE  
KOREA? (PART 2)

REF: SEOUL 00111

Classified By: A/POL Brian D. McFeeters. Reasons 1.4 (b,d).

11. (C) Summary: If South Korean President-elect Lee Myung-bak has his way, his five-year term in office will see a dramatic increase in Korea's economic performance, international competitiveness, and cooperation in multinational fora. Lee intends to achieve these ambitious goals through even more ambitious restructuring, liberalization, and reform. In this second of two cables reporting the insights of 20 leading political scientists, political analysts, and politicians from both sides of the ideological divide, we focus on what specific proposals Lee is likely to push through and what other issues are likely to arise. On the whole, respondents to our survey, even those representing Lee's political competitors, seemed confident that Lee will be able to enact many of the policies he has laid forth.

-- All agreed that Lee would implement policies designed to target poor and middle-income Koreans, but cautioned that increasing income disparity, political opposition to the canal project, and managing labor-management relations will present significant challenges for Lee's administration.

-- Most agreed that Lee would focus on visible, results-oriented policies at first but differed on the impact of these policies on Lee's popularity.

-- All of our respondents said Lee would improve the U.S.-ROK alliance as well as Korea's relations with Japan, China, and Russia. However, several cautioned that North Korea's recalcitrance about its nuclear programs is likely to prove a difficult issue for Lee to handle.

-- Results were mixed on the prospects for amending the Constitution. Most said it would be difficult for Lee to achieve in his tenure, while others said small amendments would be possible. All agreed on the need to revise the 1987 Constitution. End Summary.

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ECONOMY: The Alpha and Omega  
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12. (SBU) Many agreed that Lee would seek to implement short

term policies to better the lives of the poorest. Already, Lee has floated proposals to reduce the price of gasoline and heating gas, aimed at helping not just the poor but also small businesses. Korean Employers Federation Senior Managing Director Lee Dong-eung said that, in addition to reducing oil prices, Lee Myung-bak's continuation of the current administration's efforts to lower mobile phone rates could also have a big impact on consumers. United New Democratic Party (UNDP) Lawmaker Choi Jae-cheon's chief of staff Kim Ki-bong cautioned that, conversely, the Lee administration's economic policies that focus on increasing competitiveness could accelerate the disparity between the rich and poor. Lee Don-eung agreed that distribution policies without economic growth cannot satisfy either the vested or the disadvantaged. He went on to underscore the importance of job creation along with the stabilization of consumer prices, property prices, and private education costs.

13. (SBU) Almost all respondents said one of Lee's biggest challenges will be in managing opposition from non-governmental organizations (NGOs) and labor unions. Environmental NGOs are already up in arms over Lee's canal project, and these groups do not seem to buy the president-elect's story that the canal will actually improve the environment. Taking up an issue mentioned by many pundits, KEF's Lee Dong-eung delved into the problem of reforming the labor sector and Lee Myung-bak's promises to return the "rule of law" to labor-management relations. He said labor reforms are among the president-elect's most important tasks because of the obstacle labor relations presents to increasing foreign investment. Lee Dong-eung said the labor groups have criticized Lee Myung-bak's policies and has declared their intention to call a general

strike in the public sector this spring. Almost all of our contacts agreed that one of the president-elect's most significant challenges will be how to deal with resistance from labor and other non-governmental organizations (NGOs).

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POLITICS: A New Sheriff in Town  
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14. (SBU) Lee Myung-bak wasted no time in rolling out a wide-array of reforms aimed at restructuring the government, economic stimulus, and promoting foreign investment. Almost all observers agreed that Lee will focus on concrete policies that are visible and easy to quantify to reinforce his image as the guy who gets things done. Han said in the early days of his tenure President Lee is likely to focus on making achievements in a short period of time such as the reform and privatization plans for ministries.

15. (SBU) Although most unaffiliated observers were surprisingly forgiving in their assessments of President Roh, they had differing predictions for how smooth President Lee's tenure will be. Lee Myung-bak adviser Lee Jae-yel said that, until the April election, Lee would focus on taking down the house that Roh built, including everything, from restructuring the government to removing the presidential symbol from the Blue House, to show that things were different. Han cautioned that, if Lee's administration becomes too results-oriented, problems could arise if the promised results are not achieved within one or two years. Consequently Lee's results-oriented policies could contribute to raising support in the early part of his tenure, but at the same time could be the reason for falling support rates toward the middle to end. Meanwhile, Professor Lee Sook-jong of Sungkyunkwan University said that if Lee's first year goes well, the assessment in his fifth year will be pretty good, because people will judge him on economic performance. Others agreed that his economic reforms are not likely to really take effect for two-to-three years.

16. (SBU) All agreed that Lee Myung-bak will make significant gains in foreign policy during his tenure, especially in improving relations with the United States, Japan, China, and

Russia. Many, including the UNDP's losing presidential candidate foreign policy adviser Beckhee Cho, were confident that Lee would be able to implement the KORUS FTA and sign FTAs with China, the European Union and Japan during his administration. Our contacts sounded a note of caution, however, on North Korea. Lee Dong-eung said the alleviation of tension between South and North Korea is not an attainable goal in the short-term. Professor Lee Sook-jung agreed, and said the North Korea nuclear issue will be problematic for President Lee. The prospects for denuclearization are dismal, she said, and Lee Myung-bak will face a test of his foreign policy capability in dealing with this challenge.

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CONSTITUTIONAL AMENDMENT: An Uphill Battle  
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17. (SBU) Constitutional amendment needs to happen, say our interlocutors, but large changes -- e.g., instituting a cabinet system -- are unlikely. Political analyst Park Song-min of MIN Consulting explained that the Roh administration's failure was not an economic failure but a political one. For Lee's administration to successfully turn Korea into an advanced nation, he would first have to offer a roadmap for political reform, including, Park said, both constitutional amendment and electoral redistricting. Han from KSOI agreed, and said that Korean society can no longer sustain itself under the 1987-version of the constitution. A debate over amendment, including governing structure revision, is inevitable, Han said, but unlikely to happen early in Lee Myung-bak's term given his likely focus on economic issues. University of Seoul Professor Kim Suk-woo agreed and said it is hard to imagine a constitutional amendment and transition to a cabinet system to be realized within 5 years. Kim observed that most people are not interested in the cabinet system and even Lee Myung-bak seems cautious. Professor Lim Sung-hak, also from University of Seoul, projected that large revisions would be difficult, but

a small-scale amendment may be possible -- e.g., revision in presidential tenure and term limits.

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COMMENT  
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18. (C) President-elect Lee certainly has a lot going for him -- he won the election by a landslide and he will very likely have a Grand National Party-dominated National Assembly in May. The optimism over what he can accomplish is shared by even the most objective of our contacts. Fed up with perceptions of the Roh administration's incompetence, Koreans on the whole seem to appreciate Lee's quick efforts to put his campaign promises into action. However, the public's reaction to Lee's proposal to merge the Ministry of Unification into the foreign ministry -- a proposal with almost equal support and opposition rates -- will indicate how much slack the Korean public is willing to give its new president. At least for the time being, disapproval of Lee's policies is unlikely to translate into disapproval of Lee. Moreover, by the time Lee's economic reforms have manifested their effects, Lee will be well into his tenure, and, if the policies fail, the public will have little recourse until the next National Assembly elections in 2012. At least for now, Koreans craving a strong leader who can lead them out of their malaise are very likely to support President Lee Myung-bak, but he needs to deliver results to maintain this momentum throughout his presidency.

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Respondents to the Survey  
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19. (SBU) Park Sung-min, MIN Consulting;  
Han Gui-young, Korea Society Opinion Institute;  
Jaung Hoon, Professor, Choong Ang University;  
Kang Won Taek, Professor, Soongsil University;  
Lee Sook-jong, Professor, Sungkyunkwan University;

Kim Suk-woo, University of Seoul;  
Lim Sung-hak, University of Seoul;  
Lee Jae-yel, Lee Myung-bak Transition Team;  
Beckhee Cho, Chung Dong-young Foreign Policy Adviser;  
Kim Ki-bong, UNDP Representative Choi Jae-cheon's chief of  
staff;  
Lee Dong-eung, Korea Employers' Federation;  
Choung Byoung-gug, GNP Representative;  
Kim Song-han, Professor, Korea University;  
Kim Tae-hyo, Sungkyunkwan University;  
Kim Hyung-joon, Myungji University.

STANTON